

Resolution No.:	<u>17-800</u>
Introduced:	<u>June 18, 2013</u>
Adopted:	<u>June 25, 2013</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Government Operations and Fiscal Policy Committee

SUBJECT: Approval of the County's Tax Supported Fiscal Plan Summary for the FY14-19 Public Services Program

Background

1. Section 302 of the County Charter states in part: *The County Executive shall submit to the Council, not later than March 15 of each year, comprehensive six-year programs for public services and fiscal policy. The six-year programs shall require a vote of at least five Councilmembers for approval or modification. Final Council approval of the six-year programs shall occur at or about the date of budget approval.*
2. Over the last two decades the Council's Government Operations and Fiscal Policy Committee (known until December 2010 as the Management and Fiscal Policy Committee) has collaborated with the Office of Management and Budget and the Department of Finance to develop and refine County fiscal projections. The result has been continuous improvement in how best to display such factors as economic and demographic assumptions, individual agency funds, major known commitments, illustrative expenditure pressures, gaps between projected revenues and expenditures, and productivity improvements. This work has also increased the County's ability to harmonize the fiscal planning methodologies of the four tax supported agencies. Each version of the fiscal projections, or six-year fiscal plan, is a snapshot in time that reflects the best estimate of future revenues and expenditures as of that moment, as well as a specific set of fiscal policy assumptions.
3. On June 29, 2010 the Council approved policies on reserve and other fiscal matters in Resolution No. 16-1415. Action clause 5 states: *The County should adopt a fiscal plan that is structurally balanced, and that limits expenditures and other uses of resources to annually available revenues. The fiscal plan should also separately display reserves at policy levels, including additions to reserves to reach policy level goals.* On November 29, 2011 the Council clarified and strengthened these policies in Resolution No. 17-312, which retained the fiscal plan language and replaced the earlier resolution.

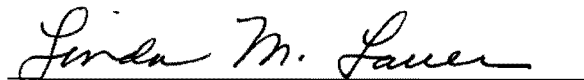
4. On June 29, 2010, pursuant to these policies, the Council approved the Tax Supported Fiscal Plan Summary for the FY11-16 Public Services Program in Resolution No. 16-1416. On June 28, 2011 the Council approved the Tax Supported Fiscal Plan Summary for the FY12-17 Public Services Program in Resolution No. 17-184. On June 26, 2012 the Council approved the Tax Supported Fiscal Plan Summary for the FY13-18 Public Services Program in Resolution No. 17-479.
5. On June 18, 2013 the Council introduced a resolution on the Tax Supported Fiscal Plan Summary for the FY14-19 Public Services Program. On June 24, 2013 the Government Operations and Fiscal Policy Committee reviewed the Plan Summary.

Action

The County Council for Montgomery County, Maryland approves the Tax Supported Fiscal Plan Summary for the FY14-19 Public Services Program, as outlined on the attached pages. This summary reflects:

- (1) current information on projected revenues and non-agency expenditures for the six-year period, which must be updated as conditions change. To keep abreast of changed conditions the Council regularly reviews reports on economic indicators, revenue estimates, and other fiscal data.
- (2) the policy on expanded County reserves established in Resolution No. 17-312 and the amendments to the Revenue Stabilization Fund law in Bill 36-10, which the Council approved on June 29, 2010.
- (3) other specific fiscal assumptions listed in the summary.

This is a correct copy of Council action.


Linda M. Lauer, Clerk of the Council

County Council Approved FY14-19 Public Services Program
Tax Supported Fiscal Plan Summary

(\$ in Millions)

	App FY13 5-24-12	Est FY13	% Chg. FY13-14 App/Bud	App FY14 5-23-13	% Chg. FY14-15	Projected FY15	% Chg. FY15-16	Projected FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19
Total Revenues														
Property Tax (less PDs)	1462.2	1,461.4	2.9%	1,504.9	2.6%	1,544.3	2.8%	1,587.8	2.9%	1,633.6	3.4%	1,688.6	3.8%	1,752.7
Income Tax	1263.6	1,331.4	2.8%	1,299.2	-1.0%	1,285.7	10.1%	1,415.4	6.8%	1,511.7	6.7%	1,613.6	5.1%	1,695.4
Transfer/Recordation Tax	136.6	136.5	4.2%	142.3	2.5%	145.9	5.4%	153.7	7.0%	164.4	8.2%	177.9	6.7%	189.8
Investment Income	0.5	1.5	-52.4%	0.2	41.0%	0.3	86.9%	0.6	92.3%	1.2	36.6%	1.6	24.1%	2.0
Other Taxes	304.1	286.1	-9.0%	276.6	1.3%	280.2	1.2%	283.6	0.9%	286.2	0.5%	287.7	0.5%	289.3
Other Revenues	883.4	891.8	5.5%	932.0	0.7%	939.0	-1.0%	929.7	0.3%	932.4	0.3%	935.3	0.3%	938.6
Total Revenues	4,050.4	4,108.6	2.6%	4,155.3	1.0%	4,195.3	4.2%	4,370.8	3.6%	4,529.5	3.9%	4,704.7	3.5%	4,867.7
Net Transfers In (Out)	38.7	49.1	-0.7%	38.4	-20.2%	30.6	2.7%	31.5	3.2%	32.5	3.5%	33.6	3.7%	34.8
Total Revenues and Transfers Available	4,089.0	4,157.8	2.6%	4,193.7	0.8%	4,226.0	4.2%	4,402.3	3.6%	4,562.0	3.9%	4,738.3	3.5%	4,902.5
Non-Operating Budget Use of Revenues														
Debt Service	303.5	297.6	3.2%	313.3	11.2%	348.6	6.4%	370.7	4.2%	386.4	1.3%	391.4	1.4%	396.8
PAYGO	29.5	29.5	0.0%	29.5	37.3%	40.5	0.0%	40.5	24.7%	50.5	0.0%	50.5	0.0%	50.5
CIP Current Revenue	50.2	49.8	8.0%	54.2	12.6%	61.1	-2.5%	59.6	-2.5%	58.1	18.8%	69.0	0.0%	69.0
Change in Montgomery College Reserves	(4.8)	(0.8)	-73.1%	(8.3)	42.6%	(4.8)	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0
Change in MNCPPC Reserves	(1.1)	(1.4)	-347.2%	(4.7)	98.1%	(0.1)	235.6%	0.1	3.9%	0.1	29.3%	0.2	-1.3%	0.2
Change in MCPS Reserves	(17.0)	1.2	-58.7%	(27.0)	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
Change in MCG Special Fund Reserves	20.0	17.8	-132.8%	(6.6)	100.3%	0.0	-29.3%	0.0	650.1%	0.1	-17.0%	0.1	9.6%	0.1
Contribution to General Fund Undesignated Reserves	(29.6)	11.2	-103.8%	(60.2)	102.7%	1.6	-29.3%	1.2	650.1%	8.7	-17.0%	7.2	9.6%	7.9
Contribution to Revenue Stabilization Reserves	21.2	33.7	3.1%	21.8	1.0%	22.0	3.5%	22.8	3.7%	23.6	3.8%	24.5	3.5%	25.4
Retiree Health Insurance Pre-Funding	105.4	105.4	31.0%	138.0	32.2%	182.4	-2.6%	177.7	-2.9%	172.5	-3.6%	166.3	-4.5%	158.8
Set Aside for other uses (supplemental appropriations)	0.1	0.0	7.9%	0.1	28125.5%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
Total Other Uses of Resources	477.5	544.1	-5.7%	450.2	49.1%	671.3	3.2%	692.6	4.0%	720.0	1.3%	729.2	-0.1%	728.6
Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	3,611.5	3,613.6	3.7%	3,743.4	-5.0%	3,554.6	4.4%	3,709.7	3.6%	3,841.9	4.4%	4,009.1	4.1%	4,173.9
Agency Uses														
Montgomery County Public Schools (MCPS)	2028.9	2,013.4	2.7%	2,084.3										
Montgomery College (MC)	218.8	213.3	4.4%	228.5										
MNCPPC (w/o Debt Service)	98.9	99.2	5.9%	104.7										
MCG	1265.0	1,287.8	4.8%	1,325.9										
Agency Uses	3,611.5	3,613.6	3.7%	3,743.4	-5.0%	3,554.6	4.4%	3,709.7	3.6%	3,841.9	4.4%	4,009.1	4.1%	4,173.9
Total Uses	4,089.0	4,157.8	2.6%	4,193.7	0.8%	4,226.0	4.2%	4,402.3	3.6%	4,562.0	3.9%	4,738.3	3.5%	4,902.5
(Gap)/Available	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0

Assumptions:

1. FY14 property tax revenue is at the Charter Limit with a \$692 income tax offset credit. The Charter Limit is assumed in FY15-19.
2. May 2010 fuel/energy tax revenue increase is reduced by 20 percent in FY14-19.
3. Reserve contributions are at the policy level and consistent with legal requirements.
4. PAYGO, debt service, and current revenue reflect the Amended FY13-18 Capital Improvements Program.
5. Retiree health insurance pre-funding is increased up to full funding by FY15. FY14 is year 7 of the 8-year funding schedule. The FY15-19 projection reflects the latest actuarial funding schedule.
6. State aid for MCPS and Montgomery College is flat in FY15-19.

County Council Approved FY14-19 Public Services Program
Tax Supported Fiscal Plan Summary

(\$ in Millions)

	App. FY13	Est FY13	% Chg FY13-14	App FY14	% Chg. FY14-15	Projected FY15	% Chg. FY15-16	Projected FY16	% Chg FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19
Beginning Reserves														
Unrestricted General Fund	168.6	192.9	21.1%	204.1	-29.5%	143.9	1.1%	145.5	0.8%	146.7	5.9%	155.3	4.6%	162.5
Revenue Stabilization Fund	139.6	155.3	35.4%	189.0	11.5%	210.8	10.4%	232.8	9.8%	255.6	9.2%	279.3	8.8%	303.8
Total Reserves	308.1	348.2	27.6%	393.1	-9.8%	354.7	6.7%	378.3	6.3%	402.3	8.0%	434.6	7.3%	466.3
Additions to Reserves														
Unrestricted General Fund	(29.6)	11.2	-103.8%	(60.2)	102.7%	1.6	-29.3%	1.2	650.1%	8.7	-17.0%	7.2	9.6%	7.9
Revenue Stabilization Fund	21.2	33.7	3.1%	21.8	1.0%	22.0	3.5%	22.8	3.7%	23.6	3.8%	24.5	3.5%	25.4
Total Change in Reserves	(8.4)	44.9	-358.1%	(38.4)	161.6%	23.7	1.2%	23.9	34.9%	32.3	-1.8%	31.7	4.9%	33.3
Ending Reserves														
Unrestricted General Fund	139.0	204.1	3.5%	143.9	1.1%	145.5	0.8%	146.7	5.9%	155.3	4.6%	162.5	4.9%	170.4
Revenue Stabilization Fund	160.8	189.0	31.1%	210.8	10.4%	232.8	9.8%	255.6	9.2%	279.3	8.8%	303.8	8.4%	329.2
Total Reserves	299.8	393.1	18.3%	354.7	6.7%	378.3	6.3%	402.3	8.0%	434.6	7.3%	466.3	7.1%	499.6
Reserves as a % of Adjusted Governmental Revenues	7.1%	9.1%		8.1%		8.6%		8.8%		9.2%		9.5%		9.9%
Other Reserves														
Montgomery College	6.4	13.1	-25.8%	4.8	-100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
M-NCPPC	3.8	9.0	13.8%	4.3	-2.1%	4.2	2.9%	4.3	2.9%	4.4	3.7%	4.6	3.5%	4.8
MCPS	16.3	41.7	-9.7%	14.7	0.0%	14.7	0.0%	14.7	0.0%	14.7	0.0%	14.7	0.0%	14.7
MCG Special Funds	1.6	8.5	20.0%	1.9	1.1%	1.9	0.8%	2.0	5.9%	2.1	4.6%	2.2	4.9%	2.3
MCG + Agency Reserves as a % of Adjusted Govt Revenues	7.8%	10.8%		8.7%		9.1%		9.3%		9.7%		10.0%		10.3%
Retiree Health Insurance Pre-Funding														
Montgomery County Public Schools (MCPS)	58.9	58.9		83.7		110.5		107.6		104.1		99.9		95.3
Montgomery College (MC)	1.8	1.8		2.4		3.3		3.4		3.4		3.5		3.6
MNCPPC	3.4	3.4		3.0		2.5		2.5		2.5		2.5		2.5
MCG	41.4	41.4		48.9		66.1		64.2		62.5		60.4		57.4
Subtotal Retiree Health Insurance Pre-Funding	105.4	105.4		138.0		182.4		177.7		172.5		166.3		158.8
Adjusted Governmental Revenues														
Total Tax Supported Revenues	4,050.4	4,108.6	2.6%	4,155.3	1.0%	4,195.3	4.2%	4,370.8	3.6%	4,529.5	3.9%	4,704.7	3.5%	4,867.7
Capital Projects Fund	65.5	91.6	51.7%	99.3	-1.7%	97.6	-27.6%	70.7	2.7%	72.6	-0.8%	72.0	0.0%	72.0
Grants	107.0	105.0	1.1%	108.2	2.4%	110.8	2.7%	113.8	3.2%	117.4	3.5%	121.4	3.7%	125.9
Total Adjusted Governmental Revenues	4,222.8	4,305.2	3.3%	4,362.7	0.9%	4,403.7	3.4%	4,555.3	3.6%	4,719.5	3.8%	4,898.1	3.4%	5,065.6